

Message Text

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USDOC FOR BEWT

E.O.11652: GDS
TAGS: BEXP, EGEN, GE
SUBJECT: CALL BY STATE SECRETARY BEIL AT U.S. COMMERCIAL
EXHIBITION

1. FIRST DEPUTY MINISTER AND STATE SECRETARY FOR FOREIGN
TRADE DR. GERHARD BEIL, ACCOMPANIED BY SEVERAL SENIOR GDR
TRADE OFFICIALS, PAID A VISIT TO THE U.S. COMMERCIAL
EXHIBITION AT THE LEIPZIG FAIR SEPTEMBER 7TH. ON HAND TO
RECEIVE DR. BEIL AND HIS ASSOCIATES WERE THE CHARGE AND
MEMBERS OF THE EMBASSY'S ECONOMIC/COMMERCIAL SECTION.
US/GDR TRADE AND ECONOMIC COUNCIL CHAIRMAN JEROME OTTMAR
JOINED THE CONVERSATION SHORTLY AFTER IT HAD GOTTEN
UNDERWAY.

2. BEIL TOOK A POSITIVE LINE IN HIS REMARKS FOR THE
OCCASION, EXPRESSING SATISFACTION AT THE PROSPECT OF AN
EXPANDED RELATIONSHIP WITH DUPONT TO COMPLIMENT EXISTING
TIES WITH DOW AND UNION CARBIDE. HE SAID US/GDR TRADE
(APPARENTLY INCLUDING OFFSHORE BUSINESS WITH US-BASED
MULTI-NATIONALS) WOULD AMOUNT TO 1.2 BILLION VALUTA MARKS
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IN 1978. HE SAID THAT --AS A RESULT OF THE GDR TECHNICAL
DAYS-- THE GDR HAD RECENTLY ENJOYED SOME SUCCESS IN
MARKETING TECHNOLOGY IN THE U.S. AND WAS HOPEFUL OF CON-
CLUDING BY THE END OF THE YEAR A SALE TO PULLMAN-SWINDELL
OF PLASMA METALLURGICAL FURNACE TECHNOLOGY. HE SAID GOOD
GDR SALES PROSPECTS ALSO EXISTED IN THE AREA OF LIGNITE
COAL TECHNOLOGY.

3. OTTMAR SAID THAT IN A RECENT CONVERSATION WITH DEPUTY DIRECTOR GENERAL ROLOFF OF INDUSTRIEANLAGEN-IMPORT, THE LATTER HAD EXPRESSED DISAPPOINTMENT AT THE FREQUENT FAILURE OF U.S. SUPPLIERS OF COMPLETE PLANT TO RESPOND TO GDR INQUIRIES. BEIL AGREED, CHARACTERIZING AS "INCOMPREHENSIBLE ABSTINENCE" THE ATTITUDE OF SOME AMERICAN COMPANIES TOWARD GDR BUSINESS PROPOSALS. BEIL AND OTTMAR AGREED THAT SOME U.S. COMPANIES CONTINUE TO BE RELUCTANT TO DO BUSINESS WITH THE GDR.

4. BEIL MENTIONED IN PASSING THAT A NEGOTIATING SESSION WOULD BE HELD THE SAME DAY ON A PLANT FOR THE PRODUCTION OF EPOXY RESIN. (NOTE: THE LATTER IS A \$200 MILLION PROJECT ON WHICH LITWIN IS BIDDING IN COMPETITION WITH A GROUP LED BY TOYO ENGINEERING COMPANY.)

5. BEIL EXPRESSED SHARP DISAPPOINTMENT AT THE APPEARANCE IN THE WEST GERMAN PRESS A FEW DAYS EARLIER OF ARTICLES ON CONTACTS BETWEEN THE GDR AND GENERAL MOTORS REGARDING COOPERATION IN THE AUTOMOTIVE FIELD. BEIL SAID FOR THIS CONTACT TO BECOME PUBLIC KNOWLEDGE AT THIS POINT WAS NOT HELPFUL. HE SAID HE KNEW THE LEAK CAME FROM NEITHER HIS MINISTRY NOR THE EMBASSY, BUT SUSPECTED THAT THE WEST GERMAN OPEL ORGANIZATION HAD LEAKED THE INFORMATION OUT OF DISSATISFACTION WITH LIMITED OFFICIAL USE

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DIRECT CONTACTS BETWEEN THE GDR AND GM IN THE UNITED STATES. CHARGE EXPRESSED VIEW THAT PUBLICATION WOULD NOT DISRUPT GDR-GM CONTACT ON THE SUBJECT, AND HOPE THAT THE PLANNED VISIT OF GM OVERSEAS CORPORATION VICE PRESIDENT NEWTON (TENTATIVELY SCHEDULED FOR FIRST OR SECOND WEEK IN OCTOBER) WOULD BE A SUCCESS. BEIL ENDORSED THIS SENTIMENT.

6. REFERRING TO THE PROPOSED WEIL-JENKINS VISIT (WORD OF CANCELLATION OF THE ASSISTANT SECRETARY'S TRIP HAD NOT YET BEEN RECEIVED WHEN THE MEETING TOOK PLACE), CHARGE TOLD BEIL THE GDR WOULD FIND IN THE NEW DEPUTY ASSISTANT SECRETARY FOR EAST-WEST TRADE A PARTNER WITH EXTENSIVE EXPERIENCE WITH SOCIALIST COUNTRIES AND KNOWLEDGE OF THE AMERICAN CONGRESS.

7. CONCLUDING THE DISCUSSION, BEIL SAID THAT US-GDR TRADE COULD BE EXPANDED GREATLY BUT THAT THIS QUESTION HAD POLITICAL AS WELL AS ECONOMIC DIMENSIONS. CHARGE SAID IN HIS VIEW CONSIDERABLE PROGRESS HAD BEEN MADE IN TRADE AREA DESPITE EXISTING POLITICAL PROBLEMS AND THAT HE WAS CONVINCED BEIL WOULD CONTINUE HIS EFFORTS TO DEVELOP TRADE.

FOR THE U.S. PART, WE WELCOME THE EXPANSION OF COMMERCIAL
RELATIONS AND BELIEVE THEY WILL BE DEVELOPED FURTHER WHEN-
EVER BOTH SIDES FIND ADVANTAGE IN DOING SO. POLANSKY

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